

CHAPTER 80-1-13

CORRESPONDENT FUNDS

80-1-13-.01 Definitions. Amended
80-1-13-.02 Status of Accounts. Amended

80-1-13-.03 Approval of Board of Directors. Amended

80-1-13-.01 Definitions. Amended.

(1) Correspondent (or Federal) Funds shall mean excess funds of one financial institution placed with another financial institution at interest and subject to immediate withdrawal. Funds shall include "unsecured day(s) funds".

(2) For purposes of this Rule, "financial institution" shall mean any of the following:

(a) A state or federally chartered bank;

(b) A state or federally chartered savings and loan or building and loan association;

(c) A state or federally chartered credit union;

(d) A foreign banking institution holding a state or federal license to maintain a branch or agency in any state of the United States.

Authority Ga. L. 1974, pp. 705, 733, 793; Ga. L. 1981, H.B. 822.

80-1-13-.02 Status of Accounts. Amended.

(1) Correspondent Funds Placed (Sold) shall not be considered to be extensions of credit but shall have the same status as a deposit, provided the funds are withdrawable on demand and are unsecured.

(2) Correspondent Funds Held (Purchased) shall not constitute borrowings but shall have the same status as depositors of the financial institution receiving such funds, provided the recipient financial institution does not pledge its assets to secure such funds and such funds may be withdrawn upon demand.

Authority Ga. L. 1974, pp. 705, 733, 793-795, 801, 802.

80-1-13-.03 Approval of Board of Directors. Amended.

No Correspondent Funds may be placed (sold) with another financial institution in excess of fifteen (15) percent of the placing (selling) financial institution's statutory capital base without the prior approval of the recipient by the Board of Directors, or a committee thereof, of the placing or selling institution; provided however, the selection of a financial institution by the Board of Directors pursuant to the provisions of Section 7-1-370 to be a depository of a bank's funds shall constitute approval of that institution as the recipient of placed (sold) Correspondent Funds.

Authority Ga. L. 1974, pp. 705, 733, 793; Ga. L. 1981, H.B. 222; Ga. L. 1983, Act No. 255, effective March 16, 1983.